

LAWRENCE TOWNSHIP

Report on Audit of Financial Statements
For the Year Ended
March 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

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Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Lawrence	County Van Buren
Audit Date 3/31/05	Opinion Date 8/15/05	Date Accountant Report Submitted to State: 10/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Cutting & Cutting P.C.			
Street Address 303 Paw Paw St., Suite 4	City Paw Paw	State MI	ZIP 49079
Accountant Signature <i>William A. Cutting</i>			Date

You must have filed the original with the Village of Breedsville

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TELEPHONE
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August 15, 2005

Lawrence Township Board
Lawrence, Michigan 49064

We have audited the accompanying general purpose financial statements of Lawrence Township as of March 31, 2005, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Lawrence Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Lawrence Township, as of March 31, 2005, or the changes in its financial position for the year then ended.

Cutting & Cutting, P.C.

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
LAWRENCE TOWNSHIP
March 31, 2005

	General	Special Revenue	Capital Project	Trust & Agency	Account Group General Long-Term Debt	Total (Memorandum Only)
Assets						
Cash and equivalents	\$ 196,711	\$ 364,252	\$ 138,635	\$ 37,433		\$ 737,031
Taxes receivable	7,880	45,660	15,800			69,340
Other receivables	35,350					35,350
Amount to be provided for retirement of long-term debt					\$ 819,517	819,517
	<u>\$ 239,941</u>	<u>\$ 490,912</u>	<u>\$ 154,435</u>	<u>\$ 37,433</u>	<u>\$ 819,517</u>	<u>\$ 1,661,238</u>
Liabilities and Fund Balance						
Accounts payable	\$ 5,758	\$ 5,078				\$ 10,836
Notes payable				\$ 7,385	\$ 819,517	819,517
Other liabilities		19,185				7,385
Accrued interest payable	3,881					23,066
Undistributed taxes and interest				<u>13,326</u>		<u>13,326</u>
Total liabilities	9,639	24,263		20,711	819,517	874,130
Expendable fund balance	230,302	385,649	\$ 154,435	15,362		785,748
Non-expendable fund balance				<u>1,360</u>		<u>1,360</u>
Total fund balance	<u>230,302</u>	<u>385,649</u>	<u>154,435</u>	<u>16,722</u>		<u>787,108</u>
	<u>\$ 239,941</u>	<u>\$ 409,912</u>	<u>\$ 154,435</u>	<u>\$ 37,433</u>	<u>\$ 819,517</u>	<u>\$ 1,661,238</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN EXPENDABLE FUND BALANCES
LAWRENCE TOWNSHIP
Year ended March 31, 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Trust & Agency</u>	<u>Total (Memorandum Only)</u>
Revenues					
Taxes	\$ 87,090	\$ 356,284	\$ 120,631		\$ 564,005
Licenses and permits	11,780				11,780
Intergovernmental	165,601		68,600		234,201
Grants from local units		7,000			7,000
Charges for services	18,799				18,799
Miscellaneous	<u>19,414</u>	<u>32,525</u>	<u>414</u>	\$ <u>184</u>	<u>52,537</u>
	302,684	395,809	189,645	184	888,322
Expenditures					
General government	274,716				274,716
Public safety	13,501	277,187			290,688
Public works		58,498			58,498
Recreation and culture	<u>1,521</u>	<u> </u>	<u>503,952</u>		<u>505,473</u>
	<u>289,738</u>	<u>335,685</u>	<u>503,952</u>	<u> </u>	<u>1,129,375</u>
Excess of revenues over expenditures	12,946	60,124	(314,307)	184	(241,053)
Other financing sources and (uses)					
Transfer in			<u>409,517</u>		<u>409,517</u>
	<u> </u>	<u> </u>	<u>409,517</u>	<u> </u>	<u>409,517</u>
Excess of revenues and other sources over expenditures and other uses	12,946	60,124	95,210	184	168,464
Beginning fund balance	<u>217,356</u>	<u>325,525</u>	<u>59,225</u>	<u>15,178</u>	<u>617,284</u>
Ending fund balance	\$ <u>230,302</u>	\$ <u>385,649</u>	\$ <u>154,435</u>	\$ <u>15,362</u>	\$ <u>785,748</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
LAWRENCE TOWNSHIP
Year ended March 31, 2005

	<u>General Fund</u>		Variance Favorable (Unfavorable)	<u>Special Revenue Funds</u>		Variance Favorable (Unfavorable)
	<u>Amended Budget</u>	<u>Actual</u>		<u>Amended Budget</u>	<u>Actual</u>	
Revenues						
Taxes	\$ 75,941	\$ 87,090	\$ 11,149		\$ 356,284	
Licenses and permits	3,500	11,780	8,280			
Intergovernmental	153,800	165,601	11,801			
Grants from Local Units					7,000	
Charges for services	8,000	18,799	10,799			
Miscellaneous	<u>7,450</u>	<u>19,414</u>	<u>11,964</u>		<u>32,525</u>	
	248,691	302,684	53,993	\$ 335,995	395,809	\$ 59,814
Expenditures						
General government	312,197	274,716	37,481			
Public safety	15,370	13,501	1,869	268,720	277,187	(8,467)
Public works				70,000	58,498	11,502
Recreation and culture	<u>1,525</u>	<u>1,521</u>	<u>4</u>			
	<u>329,092</u>	<u>289,738</u>	<u>39,354</u>	<u>338,720</u>	<u>335,685</u>	<u>3,035</u>
Excess of revenues over expenditures	\$ <u>(80,401)</u>	12,946	\$ <u>93,347</u>	\$ <u>(2,725)</u>	60,124	\$ <u>62,849</u>
Beginning fund balance		<u>217,356</u>			<u>325,525</u>	
Ending fund balance		\$ <u>230,302</u>			\$ <u>385,649</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS LAWRENCE TOWNSHIP

Lawrence Township is a general law township in Van Buren County, Michigan. It has a population of approximately 3,341.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared using the modified accrual basis of accounting.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township include the accounts of all Township operations. The Township's major operations include fire protection, ambulance service, planning and zoning, road maintenance, cemetery, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

These funds are used to account for revenues and expenditures relating to specific construction projects.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets and Budgetary Accounting

The Township prepares a budget for settlement day in March and a budget hearing is held at the annual meeting. The budget is adopted at the April meeting for that fiscal year. The budget is amended by the Township Board.

The Township exceeded the appropriated amount in various activities as shown on pages 13 and 17.

E. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this information.

2. Property Tax

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on December 1. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected.

The Township is allocated one mill of the fixed allocation of the constitutional 15 mills. This year the Township levied .7012 mills for general operating, 2.5 mills for fire protection, 1.05 mills for the Quick Response activity, 1.4773 mills for library and .9761 mills for roads. In the summer, the Township also collects the State Education Tax and the Village of Lawrence tax.

3. Cash and Investments

State statutes authorize the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form

of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township's deposits and investments are in accordance with statutory authority.

<u>Deposits</u>	<u>Bank Carrying Amount</u>	<u>GASB Category of Risk</u>
Insured (FDIC)	\$ 200,000	(1)
Uninsured	649,185	(3)

All of the above are in checking, money market savings accounts or certificates of deposit and are carried at a book balance of \$737,031.

GASB Categories of Risk

- (1) Insured or registered
- (3) Uninsured and unregistered

4. Risk Management

In lieu of purchasing commercial insurance for the risk of losses to which is it exposed, the Township Board has chosen to participate in the Michigan Municipal Liability and Property Pool (MMLPP).

The MMLPP complies with Act 294, P.A. 1972.

MMLPP services all claims for risk of loss to which the Township is exposed, including those risks selected in the declaration sheet and specifically described in the coverage forms and endorsement schedules attached to and made part of this plan.

Under this participation contract the MMLPP provides coverage for up to a maximum of \$2,000,000 for general liability coverage, \$2,000,000 for errors and omissions, \$5,000 for crime and \$1,449,732 for inland marine/limits and \$2,601,090 for buildings and contents.

5. The installment purchase agreements are as follows:

Installment Purchase Agreement - Fire Station

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2005	\$ 60,000	\$ 21,426	\$ 81,426
July 1, 2006	60,000	17,855	77,855
July 1, 2007	60,000	14,284	74,284
July 1, 2008	60,000	10,713	70,713
July 1, 2009	60,000	7,142	67,142
July 1, 2010	<u>60,000</u>	<u>3,571</u>	<u>63,571</u>
	\$ <u>360,000</u>	\$ <u>74,991</u>	\$ <u>434,991</u>

Installment Purchase Agreement - Fire Truck

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2005	\$ 50,000	\$ 3,092	\$ 53,092

6. Construction Activity

During the year 2004, the Township began levying taxes to pay for the construction of a new library facility. This Capital Project is reflected in the Library Construction Fund.

Installment Purchase Agreement - Library

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 26, 2006	\$ 76,371	\$ 14,333	\$ 90,704
February 26, 2007	79,043	11,600	90,703
February 26, 2008	81,810	8,894	90,704
February 26, 2009	84,673	6,030	90,703
February 26, 2010	<u>87,620</u>	<u>3,083</u>	<u>90,703</u>
	\$ <u>409,517</u>	\$ <u>44,000</u>	\$ <u>453,517</u>

7. Long-term Debt

Long-term debt at March 31, 2004	\$ 520,000
Addition	<u>409,517</u>
	929,517
Payments	<u>110,000</u>
Long-term debt at March 31, 2005	\$ <u>819,517</u>

COMBINING BALANCE SHEET-SPECIAL REVENUE FUNDS
LAWRENCE TOWNSHIP
March 31, 2005

Assets	Road	Fire	Quick Response	Building Department	Housing Rehabilitation	Total
Cash and equivalents	\$ 46,373	\$ 158,390	\$ 139,542	\$ 4,192	\$ 15,755	\$ 364,252
Taxes receivable	<u>9,570</u>	<u>25,680</u>	<u>10,410</u>			<u>45,660</u>
	\$ <u>55,943</u>	\$ <u>184,070</u>	\$ <u>149,952</u>	\$ <u>4,192</u>	\$ <u>15,755</u>	\$ <u>409,912</u>
Liabilities and Fund Balance						
Accounts payable		\$ 1,538	\$ 1,470	\$ 2,070		\$ 5,078
Accrued interest payable		<u>13,363</u>	<u>5,822</u>	<u>2,071</u>		<u>19,185</u>
Total liabilities		<u>14,901</u>	<u>7,292</u>			<u>24,263</u>
Fund balance	\$ <u>55,943</u>	<u>169,169</u>	<u>142,660</u>	<u>2,122</u>	\$ <u>15,755</u>	<u>385,649</u>
	\$ <u>55,943</u>	\$ <u>184,070</u>	\$ <u>149,952</u>	\$ <u>4,192</u>	\$ <u>15,755</u>	\$ <u>409,912</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-SPECIAL REVENUE FUNDS
Year ended March 31, 2005

	Road	Fire	Quick Response	Building Department	Housing Rehabilitation	Total
Revenues						
Property taxes	\$ 81,370	\$ 192,440	\$ 82,474	\$ 20,520	\$ 156	\$ 356,284
Interest	328	664	1,091			2,239
Other	<u>81,698</u>	<u>11,560</u>	<u>5,206</u>	<u>20,520</u>	<u>156</u>	<u>37,286</u>
		<u>204,664</u>	<u>88,771</u>			<u>395,809</u>
Expenditures						
Operation	56,232	97,191	56,512	21,251		231,186
Capital outlay	<u>2,266</u>	<u>79,566</u>	<u>22,667</u>	<u>21,251</u>		<u>104,499</u>
	<u>58,498</u>	<u>176,757</u>	<u>79,179</u>			<u>335,685</u>
Excess of revenues over expenditures	23,200	27,907	9,592	(731)	156	60,124
Beginning fund balance	<u>32,743</u>	<u>141,262</u>	<u>133,068</u>	<u>2,853</u>	<u>15,599</u>	<u>325,525</u>
Ending fund balance	\$ <u>55,943</u>	\$ <u>169,169</u>	\$ <u>142,660</u>	\$ <u>2,122</u>	\$ <u>15,755</u>	\$ <u>385,649</u>

COMBINING BALANCE SHEET-TRUST AND AGENCY FUNDS
LAWRENCE TOWNSHIP
March 31, 2005

	<u>Trust & Agency</u>	<u>Current Tax</u>	<u>Cemetery Trust</u>	<u>Total</u>
Assets				
Cash and equivalents	\$ <u>12,766</u>	\$ <u>7,945</u>	\$ <u>16,722</u>	\$ <u>37,433</u>
Liabilities				
Deposits	\$ 200	\$ 306		\$ 506
Undistributed interest		2,288		2,288
Undistributed taxes	5,687	5,351		11,038
Performance deposit	<u>6,879</u>	<u> </u>		<u>6,879</u>
Total liabilities	12,766	7,945		20,711
Expendable fund balance			\$ 15,362	15,362
Non-expendable fund balance	<u> </u>	<u> </u>	<u>1,360</u>	<u>1,360</u>
	\$ <u>12,766</u>	\$ <u>7,945</u>	\$ <u>16,722</u>	\$ <u>37,433</u>

BALANCE SHEET
GENERAL FUND
LAWRENCE TOWNSHIP
March 31

	<u>2005</u>	<u>2004</u>
Assets		
Cash and equivalents	\$ 196,711	\$ 150,315
Taxes receivable	7,880	7,880
Due from State of Michigan	35,350	35,350
Due from other funds	<u> </u>	<u>46,313</u>
	\$ <u>239,941</u>	\$ <u>239,858</u>
Liabilities and Fund Balance		
Accounts payable	\$ 5,758	\$ 14,857
Due to other funds		3,764
Accrued interest payable	<u>3,881</u>	<u>3,881</u>
Total liabilities	9,639	22,502
Fund balance	<u>230,302</u>	<u>217,356</u>
	\$ <u>239,941</u>	\$ <u>239,858</u>

STATEMENT OF CHANGES IN FUND BALANCE
Year ended March 31

Summary of revenues and expenditures		
Revenues	\$ 302,684	\$ 284,860
Expenditures	<u>289,738</u>	<u>306,193</u>
Excess of revenues over expenditures	12,946	(21,333)
Other financing sources and uses		
Transfer out	<u> </u>	<u>(36,397)</u>
Excess of revenues and other sources over expenditures and other uses	12,946	(57,730)
Beginning fund balance	<u>217,356</u>	<u>275,086</u>
Ending fund balance	\$ <u>230,302</u>	\$ <u>217,356</u>

STATEMENT OF REVENUES
GENERAL FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2005</u>	Variance Favorable (Unfavorable)	
	<u>Budget</u>	<u>Actual</u>		<u>2004</u>
Revenues				
Property taxes	\$ 51,963	\$ 55,123	\$ 3,160	\$ 55,556
Administrative fee	<u>23,978</u>	<u>31,967</u>	<u>7,989</u>	<u>29,644</u>
	75,941	87,090	11,149	85,200
 Licenses and permits	 3,500	 11,780	 8,280	 7,776
 State revenue sharing	 153,800	 165,601	 11,801	 170,002
 Charges for services				
Cemetery	7,000	15,800	8,800	11,700
Miscellaneous	<u>1,000</u>	<u>2,999</u>	<u>1,999</u>	<u>1,249</u>
	8,000	18,799	10,799	12,949
 Miscellaneous				
Interest		1,268	1,268	
Sale of fixed assets	650	12,000	11,350	971
Other	<u>6,800</u>	<u>6,146</u>	<u>(654)</u>	<u>7,962</u>
	<u>7,450</u>	<u>19,414</u>	<u>11,964</u>	<u>8,933</u>
	\$ <u>248,691</u>	\$ <u>302,684</u>	\$ <u>53,993</u>	\$ <u>284,860</u>

STATEMENT OF EXPENDITURES
GENERAL FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2005</u>		
	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2004</u>
General government				
Township Board	\$ 54,332	\$ 44,438	\$ 9,894	\$ 46,731
Supervisor	14,375	14,130	245	13,312
Township Secretary	35,360	34,258	1,102	23,834
Clerk	17,550	17,334	216	20,241
Board of Review	1,700	1,224	476	1,399
Treasurer	22,850	19,966	2,884	22,743
Election	9,500	8,209	1,291	3,269
Assessing	32,500	32,325	175	42,251
Township Hall	8,800	6,107	2,693	18,661
Fire Hall	24,870	21,590	3,280	20,075
Cemetery	<u>90,360</u>	<u>75,135</u>	<u>15,225</u>	<u>80,793</u>
	312,197	274,716	37,481	293,309
Planning	9,400	7,527	1,873	8,237
Zoning Board of Appeals	5,970	5,974	(4)	3,188
Library	<u>1,525</u>	<u>1,521</u>	<u>4</u>	<u>1,459</u>
	\$ <u>329,092</u>	\$ <u>289,738</u>	\$ <u>39,354</u>	\$ <u>306,193</u>

BALANCE SHEET
FIRE FUND
LAWRENCE TOWNSHIP
March 31

	<u>2005</u>	<u>2004</u>
Assets		
Cash and equivalents	\$ 158,390	\$ 131,725
Taxes receivable	25,680	25,680
Due from other funds	<u> </u>	<u>4,466</u>
	\$ <u>184,070</u>	\$ <u>161,871</u>
Liabilities and Fund Balance		
Accounts payable	\$ 1,538	\$ 3,515
Due to other funds		3,731
Accrued interest payable	<u>13,363</u>	<u>13,363</u>
Total liabilities	14,901	20,609
Fund balance	<u>169,169</u>	<u>141,262</u>
	\$ <u>184,070</u>	\$ <u>161,871</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FIRE FUND
LAWRENCE TOWNSHIP
Year ended March 31

	<u>2005</u>		Variance Favorable (Unfavorable)	<u>2004</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Property taxes				
Operating		\$ 76,976		\$ 72,780
Truck		115,464		109,708
Grants from other				
township		7,000		7,000
Interest		664		364
Other		<u>4,560</u>		<u>735</u>
	\$ 183,830	204,664	\$ 20,834	190,587
Expenditures				
Labor and employee				
benefits		33,785		37,832
Operating supplies		6,266		10,122
Training		1,441		1,454
Outside services		2,503		916
Communications		561		1,008
Insurance		10,467		5,637
Utilities		2,577		2,647
Repairs and maintenance		16,890		12,823
Building additions and				
improvements		30,000		30,000
Equipment		49,566		48,565
Interest expense		18,101		22,127
Miscellaneous		<u>4,600</u>		<u>1,068</u>
	<u>191,005</u>	<u>176,757</u>	<u>14,248</u>	<u>174,199</u>
Excess of revenues over				
expenditures	\$ <u>(7,175)</u>	27,907	\$ <u>35,082</u>	16,388
Beginning fund balance		<u>141,262</u>		<u>124,874</u>
Ending fund balance		\$ <u>169,169</u>		\$ <u>141,262</u>

BALANCE SHEET
QUICK RESPONSE FUND
LAWRENCE TOWNSHIP
March 31

	<u>2005</u>	<u>2004</u>
Assets		
Cash and equivalents	\$ 139,542	\$ 131,921
Taxes receivable	10,410	10,410
Due from other funds	<u> </u>	<u>3,583</u>
	\$ <u>149,952</u>	\$ <u>145,914</u>
Liabilities and Fund Balance		
Accounts payable	\$ 1,470	\$ 967
Due to other funds		6,057
Accrued interest payable	<u>5,822</u>	<u>5,822</u>
Total liabilities	7,292	12,846
Fund balance	<u>142,660</u>	<u>133,068</u>
	\$ <u>149,952</u>	\$ <u>145,914</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
QUICK RESPONSE FUND
LAWRENCE TOWNSHIP
Year ended March 31

	<u>2005</u>		Variance Favorable (Unfavorable)	<u>2004</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Property taxes				
Operating		\$ 64,330		\$ 59,923
Truck		18,144		16,902
Contributions		4,418		3,906
Interest		1,091		611
Miscellaneous		<u>788</u>		<u>410</u>
	\$ 76,245	88,771	\$ 12,526	81,752
Expenditures				
Labor and payroll taxes		24,871		13,847
Operating supplies		3,612		5,674
Communications		1,464		1,550
Training and education		3,218		2,461
Insurance		6,943		2,675
Utilities		2,684		2,675
Repairs and maintenance		3,369		1,950
Equipment		1,667		9,093
Building additions and improvements		21,000		21,000
Interest		7,888		6,571
Miscellaneous		<u>2,463</u>		<u>2,846</u>
	<u>77,715</u>	<u>79,179</u>	<u>(1,464)</u>	<u>70,342</u>
Excess of revenues over expenditures	\$ <u>(1,470)</u>	9,592	\$ <u>11,062</u>	11,410
Beginning fund balance		<u>133,068</u>		<u>121,658</u>
Ending fund balance		\$ <u>142,660</u>		\$ <u>133,068</u>

BALANCE SHEET
LIBRARY CONSTRUCTION FUND
LAWRENCE TOWNSHIP
March 31

	<u>2005</u>	<u>2004</u>
Assets		
Cash and equivalents	\$ 138,635	\$ 44,999
Taxes receivable	<u>15,800</u>	<u>15,800</u>
	\$ <u>154,435</u>	\$ <u>60,799</u>
Liabilities and Fund Balance		
Accounts payable		\$ 1,574
Fund balance	\$ <u>154,435</u>	<u>59,225</u>
	\$ <u>154,435</u>	\$ <u>60,799</u>

STATEMENT OF REVENUES AND EXPENDITURES
Year ended March 31

	<u>2005</u>	<u>2004</u>
Revenues		
Property taxes	\$ 120,631	\$ 114,317
Contribution from Van Buren District		
Library	68,600	33,000
Other	<u>414</u>	<u>40</u>
	189,645	147,357
Expenditures		
Building	496,005	121,391
Legal	2,811	2,203
Interest	5,136	
Other		935
	<u>503,952</u>	<u>124,529</u>
Excess of revenues over expenditures	(314,307)	22,828
Other financing sources		
Transfer in -- Sale of notes payable	<u>409,517</u>	<u>36,397</u>
Excess of revenues and other sources over expenditures and other uses	95,210	59,225
Beginning fund balance	<u>59,225</u>	_____
Ending fund balance	\$ <u>154,435</u>	\$ <u>59,225</u>

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August 15, 2005

Members of the Township Board
Lawrence Township
Van Buren County, Michigan

The audit work necessary to express an opinion on the financial statements of Lawrence Township included a review of the Township's accounting procedures and the related internal controls. As a result of the review we offer comments and suggestions for your consideration.

There has been a tremendous improvement in the status of the Trust and Agency and Current Tax Funds. Although both funds have some funds to still be disbursed, the condition is such an improvement over prior years.

Repeat of Prior Year Comments

Internal Controls

There is not adequate segregation of duties in the accounting function. However, because of lack of personnel, this situation is not unusual in small governmental units.

Building Department Fund

The Building Department requires a budget.

Rehabilitation Fund

Why do you have a checking account?

Trust and Agency Funds

Except for deposits as required by ordinance, the Trust and Agency and Current Tax Fund should be closed out on a regular basis.

Budgets

The budget should be amended if an activity is going to spend more than the amount budgeted.

Unaudited Funds

We did not examine the internal funds of the Fire Department.

The above comments are submitted to you to develop good accounting practices and are not intended to reflect upon the performance of any Township official.

Cutting & Cutting, P.C.